

**RESOLUTION  
Number 2022-46**

**A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF LEVY COUNTY, FLORIDA, ADOPTING A GRANT ACCOUNTING POLICY FOR AMERICAN RESCUE PLAN ACT CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS; AUTHORIZING THE CLERK OF THE CIRCUIT COURT TO DEVELOP AND IMPLEMENT NECESSARY PROCEDURES; AND PROVIDING AN EFFECTIVE DATE.**

**WHEREAS**, pursuant to the American Rescue Plan Act (ARPA), the Federal Government is providing Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) to local units of government to be used in response to and in transition from the COVID-19 pandemic; and

**WHEREAS**, this Resolution adopts a grant accounting policy to ensure that funds received by the County from the ARPA CSLFRF are accounted for and expended in compliance with U.S. Treasury guidance;

**NOW, THEREFORE, BE IT RESOLVED BY THE LEVY COUNTY BOARD OF COUNTY COMMISSIONERS**, that:

**Section 1.** The following policy is adopted:

**Levy County, Florida  
American Rescue Plan Act (ARPA)  
Coronavirus State and Local Fiscal Recovery Fund (CSLFRF)  
Grant Accounting Policy**

**Background**

On March 11, 2021, the United States government enacted the American Rescue Plan Act of 2021, herein referred to as ARPA, which included provisions to provide federal funding to all local units of government in response to the COVID-19 pandemic in the form of Coronavirus State and Local Fiscal Recovery Funds (CSLFRF).

On May 17, 2021, the United State Treasury (the Treasury) published the interim final rule to provide implementation and practical guidance surrounding the eligible uses of CSLFRF funds, which included 1) supporting public health expenditures and addressing negative economic

impacts caused by the COVID-19 pandemic; 2) providing premium pay for essential workers; 3) replacing lost public sector revenue based upon a formula outlined in the interim finale rule; and 4) investing in water, sewer, and broadband infrastructure.

On January 6, 2022, the Treasury issued the Final Rule related to the CSLFRF guidance with an effective date of April 1, 2022. The Final Rule expanded the interim guidance surrounding the eligible direct uses of CSLFRF funds, while also expanding the guidance related to the criteria for replacing lost public sector revenue, which included the provision for a standard allowance of assumed revenue replacement for the lesser of \$10 million or a recipient’s award amount.

Based on the allocations established by the Federal government for metro cities and counties, the Levy County, Florida (the Government) was awarded a total share of CSLFRF grant funds in the amount of \$8,061,471.00.

Based on the Federal guidance and the terms of ARPA, the first tranche (50%) of the funds was received in 2021. The second half of the funds is to be paid one year later.

**Revenue Recognition**

CSLFRF revenues shall be recognized in accordance with generally accepted accounting principles. Namely, for Category 1, 2, and 4 usage, revenues will be recognized when the underlying expenditure for reimbursement has occurred.

Based on the award amount of less than \$10 million, the Government is eligible under the Final Rule to claim the full award amount in conjunction with the rules for revenue replacement, which presumes that up to \$10 million in revenue has been lost due to the public health emergency and recipients are permitted to use that amount (not to exceed the award amount) to fund “government services.”

The Treasury has indicated that the standard allowance provides an estimate of revenue loss that is based on an extensive analysis of average revenue loss across states and localities, and offers a simple, convenient way to determine revenue loss.

With respect to revenue loss, the Treasury has also clarified that recipients can use CSLFRF funds on government services up to the revenue loss amount, which in this case will be under the standard allowance for the full award amount. Government services generally include any service traditionally provided by a government, unless Treasury has stated otherwise. The Treasury’s guidance has indicated the following common examples of eligible uses and explicitly prohibited uses related to the provision of government services as follows:

<b>Common Examples</b>	<b>Prohibited Uses</b>
Construction of schools and hospitals	Offset a reduction in net tax revenue

Road building and maintenance, and other infrastructure	Deposit into pension funds (“extraordinary” deposits; routine annual contributions are identified to be a permitted use)
Health services	
General government administration, staff, and administrative facilities	Debt service and replenishing financial reserves
Environmental remediation	Settlements and judgments
Provision of police, fire, and other public safety services (including purchase of fire trucks and police vehicles)	

Under these rules, revenue will be recognized (to the extent of eligible expenditures) once the eligible expenditures are identified and reported to the Treasury as the applicable use of the funds.

**Expenditure Authorization**

For revenues earned and recognized through the revenue replacement criteria, such funds shall be identified for reporting purposes to comply with the standard allowance to use the funds on government services in the following priority order:

- Regular salary and benefits of County employees.
- Other eligible government services expenditures.

**Economic Impact of ARPA CSLFRF Funding**

Because the use of the CSLFRF funds made available through revenue replacement for planned expenditures will effectively create an unplanned surplus of unrestricted reserves, it has been identified as a priority to still track the Government’s usage of the “economic impact” of the CSLFRF funds.

To provide for additional accountability and transparency over the use of the CSLFRF funds and to clearly demonstrate that the funds are not being used to offset a net reduction in tax revenue, the following steps are being taken:

- Creation of a separate accounting fund to track the usage and disposition of the net revenue, or “ARPA economic impact”, of the CSLFRF funds.
- Internal commitment of revenues for “ARPA transition”. Any expenditures deemed to be made out of ARPA transition funds shall be approved by the County Commission.

**Section 2.** The Clerk of the Circuit Court (in his role as accountant to the Board pursuant to Section 28.12, Florida Statutes), or his designee, is authorized to develop and implement such procedures as are consistent with and necessary to carry out the Policy adopted herein in accordance with the requirements of Federal law and guidance.

**Section 3.** This Resolution shall become effective upon adoption.

**DULY PASSED AND ADOPTED THIS** 16<sup>th</sup> day of August, 2022.

**BOARD OF COUNTY COMMISSIONERS  
OF LEVY COUNTY, FLORIDA**

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Russell Meeks Jr., Chairman

ATTEST:  
Clerk of the Circuit Court  
and Ex Officio Clerk to the Board  
of County Commissioners

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Danny J. Shipp, Clerk

Approved as to form and legal sufficiency

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Nicolle M. Shalley, County Attorney